

Supplemental Report:

Firms Foresee Modest Hike in Prices Paid and Little Change in Selling Prices

The supplementary questions in the May 2013 *Empire State Manufacturing Survey* focused on past and expected changes in both the prices firms pay for inputs and the prices they charge their customers. The same questions had previously been asked in surveys conducted each May starting in 2008, and some of the questions were posed in the May 2007 survey.

Respondents estimated that the prices they paid for inputs rose by 3.1 percent, on average, over the past twelve months—down from 3.6 percent in last May’s survey and down substantially from 8.1 percent in the May 2011 survey. This is the smallest reported increase since May 2009. The median increase was almost identical and unchanged from last May’s survey. The average and median increases anticipated for the next twelve months were 2.8 percent and 3.0 percent, respectively. The average expected rise of 2.8 was the smallest

expected increase since the May 2009 survey. The median expected increase was the same as in last May’s survey.

Regarding perceived probabilities of various price scenarios, respondents in the current survey estimated an 8 percent chance, on average, that prices paid would rise 8 percent or more, and a 64 percent chance that prices paid would rise at least 2 percent. These probabilities are not substantially different from those cited in last May’s survey. Respondents in the current survey, on average, indicated an 8 percent chance that prices would decline by more than 2 percent—a slightly higher probability than in last year’s survey. The probability that prices would remain relatively steady (within 2 percent of current levels) was seen to be 28 percent.

In assessing past changes in their selling prices, firms reported an average price increase of

just 0.6 percent and a median increase of 1.0 percent—about a full percentage point lower than in last May’s survey. Looking ahead to the next twelve months, firms predicted a 1.2 percent average rise—the smallest increase on record—and a 2.0 percent median increase. Both these figures are about a full percentage point lower than the corresponding figures in last year’s survey. Respondents, on average, saw a less than 2 percent chance that they would raise their selling prices by 8 percent or more and a 45 percent chance that they would raise prices by at least 2 percent. Both probabilities are somewhat lower than estimated in last May’s survey. At the other end of the spectrum, the average respondent reported a nearly one in six chance that prices received would fall 2 percent or more—a probability that was somewhat higher than in last May’s survey and considerably higher than in the 2011 survey. ■

Supplemental Report, *continued*

QUESTION 1

By what percentage have the prices you pay, on average, changed over the past twelve months?

	Percentage Change			
	May 2013	May 2012	May 2011	May 2010
Average change	3.1	3.6	8.1	5.9
Median change	3.0	3.0	5.0	3.0

QUESTION 4

By what percentage have your selling prices, on average, changed over the past twelve months?

	Percentage Change			
	May 2013	May 2012	May 2011	May 2010
Average change	0.6	1.7	1.9	2.9
Median change	1.0	2.0	2.0	2.0

QUESTION 2

By what percentage do you expect the prices you pay, on average, to change over the next twelve months?

	Percentage Change			
	May 2013	May 2012	May 2011	May 2010
Average change	2.8	3.5	5.6	4.6
Median change	3.0	3.0	5.0	4.0

QUESTION 5

By what percentage do you expect your selling prices, on average, to change over the next twelve months?

	Percentage Change			
	May 2013	May 2012	May 2011	May 2010
Average change	1.2	2.1	3.6	2.9
Median change	2.0	3.0	4.0	3.0

QUESTION 3

What would you say is the percentage chance that, over the next twelve months, your prices paid will . . .

	Average Percentage Chance of Specified Price Change*			
	May 2013	May 2012	May 2011	May 2010
Increase 8 percent or more	7.6	8.8	23.6	17.7
Increase 2 to 8 percent	56.6	55.0	56.4	45.0
Stay within 2 percent of current levels	27.8	30.7	16.4	29.7
Decrease 2 to 8 percent	6.8	4.7	2.3	4.8
Decrease 8 percent or more	1.2	0.7	1.4	2.8

QUESTION 6

What would you say is the percentage chance that, over the next twelve months, your selling prices will . . .

	Average Percentage Chance of Specified Price Change*			
	May 2013	May 2012	May 2011	May 2010
Increase 8 percent or more	1.5	4.2	11.0	9.2
Increase 2 to 8 percent	43.7	43.8	50.3	41.9
Stay within 2 percent of current levels	39.0	42.6	32.3	37.9
Decrease 2 to 8 percent	11.6	7.5	4.4	9.5
Decrease 8 percent or more	4.2	1.8	2.0	1.5

* Survey respondents were asked to assign a specific percentage chance to each possible outcome; the values reported for questions 3 and 6 reflect the average indicated percentage chance across all respondents.